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## **PRESS RELEASE**

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### **TWO INDICTED IN MULTI-MILLION DOLLAR INVESTMENT FRAUD SCHEME**

PHOENIX -- The U.S. Attorney's Office for the District of Arizona announced that on March 17, 2005, a federal grand jury at Phoenix returned a 32-count indictment against Dennis D. Cope, 50, formerly of Mesa, Ariz. and currently of Rapid City, S.D., and Edgar M. Bias, 47, of Houston. The indictment charges that Cope and Bias were involved in an investment fraud scheme that cost investors over \$9.9 million. Bias was arrested on March 21, 2005 in Houston and awaits a hearing on continued detention. Cope was arrested on March 23, 2005 in Rapid City, S.D. and was released in order to appear for an arraignment on April 6, 2005 in U.S. District Court in Phoenix.

The indictment alleges that from June 1998 through July 2003, Cope and Bias created Millenium Group International, Green Gables Management, Servicios Duwas (in Costa Rico) and FIIK Investments and Holdings to solicit individuals to invest in various projects, including so-called "trading programs." These trading programs involved placing investor funds as collateral for the purchase and sale of purported medium-term bank notes offered by financial institutions outside the U.S. Other projects offered by the defendants included investments in restaurant acquisitions and pipeline development. The indictment charges that Cope and Bias falsely stated to investors that their money would yield high rates of return, such as 120% at the end of 45 days, and that their money would be kept safe in a bank account to be returned at the end of the term at the investor's request. The indictment further alleges that Cope and Bias failed to inform investors that there was no such trading program, that in many cases their money was not placed and kept in bank accounts, that the restaurant and pipeline projects had little or no merit and that Cope and Bias intended to use investors' moneys for other purposes, including for their own personal benefit.

As part of the scheme to lull investors into the false belief that their invested money was safe and earning the high rates of return and to convince them and others that they should continue to invest in these projects, the indictment alleges that Cope sent investors false reports of their account and

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investment activity. These reports set out non-existent returns consistent with claims of a high-yield investment that was being safely maintained. The indictment also alleges that of the more than \$18.5 million raised from investors, Cope and Bias paid back \$8.6 million as seeming returns on investments, acts typical of a "Ponzi" scheme.

It is further alleged that Cope lulled investors by sending them checks and certificates of deposit. In many cases these were drawn on "Partners Bank," which Cope claimed was a financial institution based in Montenegro, then a part of Yugoslavia, with an office in British Columbia. Cope failed to inform investors that Partners was not licensed to operate as a bank in Canada, and the checks and certificates of deposit proved to be worthless. Other payments made by Cope as supposed returns on investments were likewise worthless. Finally, the indictment alleges that to enlist the trust of many investors who were members of the Church of Jesus Christ of Latter Day Saints, Cope solicited funds for donations to the Kirtland Project, an undertaking by the church to restore historic buildings. However, Cope failed to make the donations.

The federal indictment charges Cope and Bias with violating Title 18, U.S. Code, Sections 371, 1341, 1343, 1956(a)(1)(A)(i) and 1957, conspiracy to commit mail fraud, wire fraud, promotional money laundering and transactional money laundering. Cope is also charged with 17 counts of mail fraud, five counts of wire fraud, six counts of promotional money laundering and three counts of transactional money laundering.

A conviction for promotional money laundering carries a maximum penalty of 20 years in prison, a \$500,000 fine or both. A conviction for transactional money laundering carries a maximum penalty of 10 years in prison, a fine of \$250,000 or both. A conviction for mail or wire fraud carries a maximum penalty of five years in prison, a fine of \$250,000 or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was based on a referral by the Arizona Corporation Commission and was conducted by the FBI, special agents of the Criminal Investigation Division of the Internal Revenue Service, inspectors of the U.S. Postal Inspection Service and investigators of the Arizona Corporation Commission.

The prosecution is being handled by David Eisenberg, Assistant U.S. Attorney, District of Arizona, Phoenix.

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